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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 6 July 1978

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National Intelligence Daily Cable for Thursday, 6 July 1978.

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The NID Cable is for the purpose of informing senior US officials.

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GHANA: Bloodless Palace Coup

25X1 [] //Lt. Gen. Frederick Akuffo replaced General Acheampong as the head of the Ghanaian Government yesterday in a bloodless coup. No major changes are likely in Ghana's generally moderate and pro-Western foreign policy, and Akuffo may honor his predecessor's promise to restore constitutional rule by July 1979. He apparently will not move forward immediately with economic reforms despite the country's grave economic situation.//

25X1 [] //A government spokesman announced cryptically that Acheampong had asked to be retired as head of the ruling military council and from the military. According to Ghanaian officials, however, he was deposed by the six other members of the military council, led by Akuffo and Air Force Commander Major General Boakye.//

25X1 [] //Acheampong is under house arrest and Accra is outwardly calm. Akuffo has been named head of state and chairman of the ruling military council. Major General Kotei, the former Army commander, has replaced Akuffo as chief of the defense staff, the second-ranking position in the government.//

25X1 [] //Acheampong's colleagues acted because they were fed up with his inept and unpopular leadership, which had driven Ghana close to economic collapse and badly tarnished the military's image. Since he seized power in 1972, Acheampong's mismanagement has resulted in the collapse of public services, triple-digit inflation, corruption, and a decline in agriculture.//

25X1 [] //We do not know how much support Akuffo has in the military, but no opposition to his leadership is yet evident. Although brighter and less vacillating than Acheampong, he may lack skill in playing opponents off against one another and will initially have to govern by consensus. He has been behind-the-scenes critic of Acheampong since his appointment to the military council in 1974.//

25X1 [] //The 41-year-old Akuffo is a capable professional soldier who received most of his training in the UK. He is basically pro-Western and is probably anti-Communist. We do not know his attitude toward the US. Colleagues regard him as

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pro-British and as an opportunist who often gives others the impression of being aloof and pompous. He belongs to the Akwapim tribe of the Akan ethnic group that comprises 44 percent of Ghana's population and is the country's largest ethnic group.//

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[redacted] //The new government will meet today to make basic policy and administrative decisions. A spokesman has already said, however, that there will be no major changes in Ghana's basically moderate, pro-Western foreign policy. [redacted]

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[redacted] //Although basic economic reforms are necessary to obtain help from the International Monetary Fund and other Western creditors, the new government apparently will move cautiously. It realizes that some of the needed measures could fuel further popular discontent.//

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[redacted] //On the political front, the government may continue to honor Acheampong's promise to restore constitutional rule by July 1979. It is unclear how wedded the regime is to Acheampong's controversial "union government" proposal for a mixed military-civilian regime, which civilian opponents regard as a device to perpetuate military rule.//

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LEBANON: Situation Report

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[redacted] *Shelling resumed in East Beirut last night after the situation had apparently calmed somewhat during the course of the day. Lebanese Foreign Minister Butrus met with*

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Syrian President Assad yesterday and presumably appealed for Syrian restraint.

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25X1 [] //The Israeli Government issued a veiled warning to the Syrians on Sunday and may now be hoping for US pressure on Syria to wind down the fighting. By arguing that the Syrians pose a serious threat to the Christians, the Israelis also appear to be building a case for stepping up support to their Christian allies in the event the Syrians do not show restraint soon.//

25X1 [] //The Israeli analysis of Syrian intentions is probably overdrawn. Although the Syrians are clearly trying to intimidate and weaken the Christians, it is unlikely that they will try to destroy the militias completely.// The US defense attache in Damascus reports that Syrian Defense Minister Talas told the West German Ambassador on Sunday that the Syrians have no intention of engaging in the bloody house-to-house fighting in Beirut that would be required to eliminate the militias as fighting forces.

25X1 [] The attache noted that the Syrians are not trained for such urban warfare. The Syrians' preferred tactic, when provoked, is to shell the militias into submission while avoiding heavy casualties of their own. The US Embassy in Damascus reports that although the Syrian media are taking a tough line toward the Christians, the government does not yet appear to be preparing the Syrian public for an all-out push against the militias.

25X1 [] Although Lebanese Muslims and Palestinians have managed so far to stay out of the Christian-Syrian fighting, an Embassy source says armed leftist militiamen have taken

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up positions in several Muslim-inhabited West Beirut hotels. The leftists have no interest in becoming embroiled, however, and will probably remain on the sidelines.

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[] Christian National Liberal Party chief Camille Shamun has, predictably, called for the withdrawal of Syrian peace-keeping troops from the country. In response, Lebanese Prime Minister Huss has defended the legality of the Syrian presence. The fighting nonetheless is a serious blow to President Sarkis' government.

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[] Sarkis would like the Syrian forces to exercise restraint--particularly in shelling residential areas, which have taken a heavy beating--but he is afraid to challenge the Syrians' performance publicly for fear they will pull out. The Lebanese President is basically dependent on Syrian support and seems stymied by the need to avoid antagonizing either the Syrians or his fellow Christians. []

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RHODESIA: Prospects Not Good

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[] The prospects are not good for a transfer of power to a black majority government in Rhodesia as called for in the internal settlement signed by Prime Minister Smith and three black nationalist leaders last March, according to the US Ambassador to Zambia. The Ambassador recently spent several days in Rhodesia, where he consulted with numerous officials, businessmen, and politicians regarding the settlement's prospects.

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[] The Ambassador notes that the war "dominates" life in Rhodesia. Casualty figures are growing, and many Rhodesians believe the actual figures are higher than those reported by the government. They also believe that a number of "massacres" of civilians have been covered up. "Rogue" bands of guerrillas, moreover, have been carrying out acts of banditry and extortion in eastern and western Rhodesia. Because of the war, all secondary schools in western Rhodesia have been closed, and relatively few are open in the rest of the country, except for the major cities.

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[] The government's amnesty program for guerrillas is having some success, but the program appears unlikely to attract enough guerrillas to bring about a significant reduction in the fighting. In the short run, the Ambassador believes,

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the program is likely to spark higher levels of violence as guerrillas who join the internal regime clash with those who have rejected the amnesty.

25X1 [] The Ambassador says the transitional government is not moving fast enough to improve the country's political climate. Such an improvement is important to the success of any attempts to bring about a cease-fire. Discriminatory legislation has not been abolished, and the release of political detainees is going slowly. The protected villages program continues, despite its unpopularity with blacks.

25X1 [] The Ambassador found that various segments of the white population believed it was unlikely that elections could be held that would attract broad participation and be free of violence. After the Ambassador left Salisbury, the Rhodesian press noted that the government is considering forgoing registration of the country's estimated 3.5 million black voters so that a national election can be held in November, before the onset of the rainy season.

25X1 [] In lieu of registration, prospective voters would be required to present some form of personal identification at the polls. According to the press, the government believes that there is not enough time to register voters and to hold elections before the end of the year and that registration teams would have difficulty operating in outlying rural areas because of the war.

25X1 [] The Ambassador noted that only Ndabaningi Sithole and Bishop Abel Muzorewa, the principal black participants in the internal settlement, spoke with confidence and conviction that the settlement is working. He attributed this attitude to sheer bravado.

25X1 [] Smith and other Rhodesians the Ambassador consulted are weighing three courses of action. The first would be to press ahead with elections and a transfer of power by the end of the year. The Ambassador regards this as the least likely of the three possibilities, largely because Smith has privately expressed doubts about it.

25X1 [] A second possibility is that Smith may conclude that elections, if carried out in a climate of violence, would serve no useful purpose, and he might thus either decide to try to

drag out the present arrangement until a cease-fire took hold or turn over power to a black coalition government without benefit of elections. In either of these cases, the Ambassador believes, Smith would lose all his domestic support and be overthrown.

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[] A third alternative is that Nkomo, and possibly even Mugabe, would be brought into a settlement arrangement, if necessary modifying the internal settlement. The Ambassador believes this course of action is the only one with a chance of gaining popular support throughout the country, although even it would not receive international support or bring an end to the war.

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[] The opportunity for bringing Nkomo into the government may in fact have passed. Nkomo apparently senses that the Salisbury regime, suffering from a steady erosion of social order, will ultimately collapse, and thus he appears to see no need to compromise with Smith. Therefore, muddling through toward national elections and tinkering with the system as the need arises may be the best choice Smith and his partners have.

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CANADA: Constitutional Reform

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[] //Prime Minister Trudeau took a major step late last month toward revising the 1867 British North America Act--Canada's constitution. His proposed changes have already

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drawn fire from all sides. The success of the effort--to be accomplished in two steps--hinges on whether Trudeau's Liberal Party can maintain a parliamentary majority in the election that must be held within the next year.//

25X1 [] //Major provisions of Phase I, already before the House of Commons, include:

- Replacement of the present Senate with a House of the Federation.
- Reorganization of the Supreme Court.
- Establishment of a charter of rights and freedoms.
- Improvements in federal-provincial consultation procedures.
- Definition of the role of the prime minister and cabinet.//

25X1 [] //Trudeau proposes that Phase I be completed by 1 July 1979 and that Phase II, which will involve provisions requiring the consent of the provinces, be finished by mid-1981.//

25X1 [] //The proposed changes stem in part from political expediency. Trudeau, who is widely touted as the man best able to hold the country together, seeks opportunities to keep the issue of national unity before the electorate. In this case, he is urging that at least some of the constitutional changes be enacted before Quebec holds its promised referendum on independence--probably in 1979. His purpose is to prove to Quebecers that they can realize their aspirations and still remain in the Canadian confederation.//

25X1 [] //This is Trudeau's third try at constitutional revision in 10 years in office. Both previous attempts foundered on efforts to reach unanimous agreement among the 10 provincial premiers and Trudeau. He has finessed that problem this time, at least initially, by splitting the proposed revisions into two phases--federal and federal/provincial.//

25X1 [] //The legislation covers many areas. In general, it reflects Trudeau's efforts both to answer provincial demands for a greater voice in federal decisionmaking and to respond

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to the fears in Quebec of being assimilated into the English-speaking majority. His proposals have already come under fire from many quarters--including, predictably, Premier Levesque of Quebec.//

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[] //The Prime Minister intends to have "intensive discussions with the provinces" before the bill is resubmitted in final form in the parliamentary session beginning in October. He has also made clear that he intends to move ahead no matter how tough the opposition.//

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[] //The Liberal Party now has a majority in parliament and, given enough time, could pass the Phase I legislation. Time, however, is a major problem for Trudeau. Recent polls indicate that the economy worries the electorate more than national unity, and the Liberals' popularity has fallen as the economy continues in the doldrums. Unless Trudeau can return to office with a renewed majority, the success of his effort to revise the constitution is in serious doubt. []

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BOLIVIA: Election Prospects

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[] General Juan Pereda Asbun, the official candidate, has what appears to be a comfortable lead over his rivals in Bolivia's presidential election, which will take place on Sunday. Pereda's election almost certainly would mean the continuation of the moderate political line and the emphasis on economic development that have characterized the seven-year presidency of General Hugo Banzer Suarez.

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[] Pereda has consistently been ahead since the campaign began. The size of his lead has tended to vary, depending on the changing fortunes of a large number of hopefuls, only two of whom are likely to get significant numbers of votes.

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[] To the extent that Pereda has faced a challenge, it has come largely from former President Victor Paz Estenssoro, leader of the 1952 revolution and still the respected patriarch of one of the country's main political movements. Even in the unlikely event that Paz wins, however, his policies probably would not differ drastically from those favored by Banzer and Pereda.

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Another ex-president, Hernan Siles Zuazo, is the only other candidate likely to make a noteworthy showing in the balloting. Siles is also identified with the 1952 revolution and continues to have a following among miners and factory workers. A Siles government would take more radical positions on major issues.

In addition to Pereda's own apparent drawing power and the important advantages of government support, the electoral laws greatly favor him. To win, a candidate needs a simple majority of the popular votes. If, as could well be the case, no candidate achieves this, the contest will be decided in the congress, which is also being elected on Sunday.

Under the rules, a candidate who gets a plurality in any department automatically gets 80 percent of that department's congressional representation. Pereda will probably win a plurality of votes in several departments and seems assured of control of the legislature.

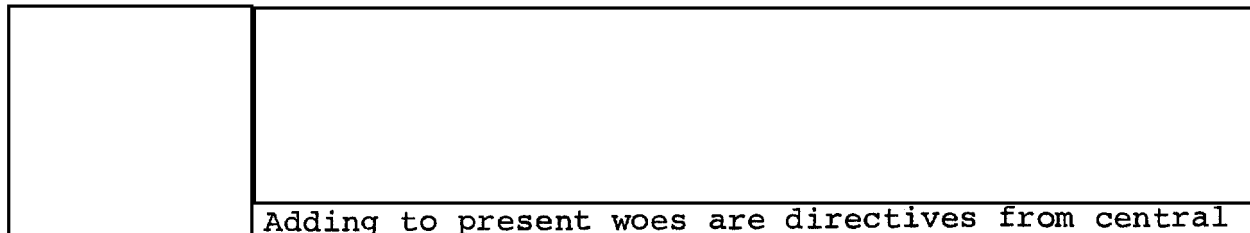
Even though the military will continue its control over the political process, to many Bolivians the election represents an opportunity to demonstrate that the country can manage a constitutional change in government, breaking out of the pattern of coups and countercoups that has marked much of its history. In fact, many officers and perhaps some civilians as well probably believe that the political quiescence and relative economic progress of the last seven years of military rule have made possible this effort to involve the public, even in a limited way, in choosing a new government.

Many Bolivians also believe that a popular election will enhance their country's image in the US and elsewhere, placing Bolivia ahead of its neighbors in expanding civilian participation in government.

EAST GERMANY: Economy Problems

East Germany is apparently running into resource bottlenecks that are hampering efforts to meet its economic growth goals. Indications of these problems have appeared before, but the growing intensity and frequency of reports suggest the situation is worsening.

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Adding to present woes are directives from central government authorities that will siphon off already scarce resources of capital and labor for projects such as the Orenburg pipeline in the USSR, to which the regime is committed.

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Similar shortages of manpower and material have been reported elsewhere in the country. At the Henningsdorf steel mills in Potsdam District, labor shortages are apparently so acute that management officials have been temporarily transferred to the production line; authorities have even considered requesting manpower from nearby Soviet Army units. Many industrial plants elsewhere are facing stop-and-go production problems as shipments of needed inputs are delayed.

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National income growth was officially targeted at 5.5 percent but achieved only a 5.2 percent rate during 1977. Planned expansion of 5.2 percent this year will be equally difficult to achieve. East Germany, heavily dependent on external sources of raw materials and energy, is under increasing pressure to balance its sizable trade deficits with both the USSR and Western trading partners while trying to satisfy growing consumer demands.

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The delicate balancing act of attempting to satisfy both investment and consumption targets appears to have so strained the economy that the regime may soon face the task of deciding where to make necessary cuts in the allocation of resources.

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JAPAN: Adjusts to Fishing Zones

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Japan, the world's leading fishing nation, appears to be adjusting to the expansion of 200-mile fishing zones. The slump in catches in distant waters has been offset by increased fishing near Japan. The government has eased restrictions on fish imports and has concluded a large number of joint fishing ventures with foreign countries. Some major problems persist: fish prices are climbing rapidly, and unemployment is growing among fishermen in the distant-water fleet.

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[] Japanese fishermen caught 10.7 million tons of fish last year--a marginal increase over 1976--despite the proliferation of 200-mile maritime boundaries since January 1976. Domestic catches within the year-old Japanese 200-mile fishing zone more than offset losses in distant-water operations; coastal sardine and saury fisheries were especially productive.

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[] The dislocations caused by the restrictions on distant-water fishing have resulted in rising unemployment. About 14,000 fishermen--roughly 3 percent of the total involved in the fishing industry--have lost their jobs during the past year. Salmon fishermen, in particular, were hard hit by the recent agreement signed with the USSR under which Japanese fishermen will be able to take only 42,500 tons of salmon in 1978; this is only half the 1976 catch. As a result, about 4,000 salmon fishermen are unemployed.

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[] The high visibility and political strength of the fishing industry have forced the government to take quick action to ease the unemployment. Fishermen who have lost their jobs because of international agreements are eligible for special unemployment allowances of up to \$454 per month for two years after their standard eight-month unemployment insurance runs out. They can also be retrained in other industries at government expense.

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[] Consumers last year were hit with an overall 15-percent increase in fish prices. Prices of pollack, a widely consumed species, rose almost 50 percent. Higher operating costs for distant-water operations--especially licensing fees in newly established 200-mile zones--plus rising domestic demand are the main reasons for the price increases.

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[] Because fish products accounted for roughly one-half of the animal protein in the average Japanese diet in 1977--more than in any other developed country--Japan is committed to maintaining its current level of fish production.

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[] To ensure the future vitality of the fishing industry, the Japanese have established almost 200 joint fishing companies in about 50 countries. About 40 of the companies--of which 30 are jointly owned with US interest--operate along North America's Pacific coast. In addition, more than 100 joint companies fish waters in Asia and Oceania, 30 operate off the African coast, and 30 work the waters of Latin America.

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[] The joint companies are capitalized at \$150 million, more than one-half of which is Japanese money. The companies, using leased or purchased vessels, engage in a full range of fishing operations. The local partner usually takes about half of the catch for its own use, while the Japanese partner sells its share in Japanese or Western markets.

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[] Japan's greater emphasis on joint ventures has resulted in increased fish imports. These imports totaled \$2.2 billion in 1977, almost double the 1975 level, compared with exports of only \$550 million. For the first time, the US-Japanese fish trade showed a small US surplus of about \$50 million. Imports should continue to grow because Tokyo has eased import quotas for certain fish products and lowered tariffs on some others. Further action along these lines is under consideration. Imports supplied about 15 percent of Japan's fish consumption requirements in 1977.

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[] Besides using imports and joint ventures to boost fish production, Japan hopes to increase the number of fish farming centers from 10 to 17 by 1980. Harvesting species not formerly caught--such as krill--also figure in Tokyo's plans.

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CHINA: Grain Imports Scheduled

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[] The Chinese have already purchased 7.1 million tons of grain for delivery this year and may return to the market for more. Last year they bought 6.9 million tons.

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[] The low level of grain imports now scheduled for the last four months of 1978 suggests the Chinese may need between 500,000 and 1 million tons more, regardless of the outcome of their wheat harvest. The US is the only remaining source of significant quantities of wheat for year-end delivery, now that Canada has sold 3 million tons of wheat to China for September 1978 through August 1979.

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[] If the Chinese are willing to import more corn, Argentina and Thailand, which have both sold China small amounts of corn this year, could fill its year-end needs. China's foreign exchange situation is good. []

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SOLOMON ISLANDS: New Nation

25X1 [] //The Solomon Islands become independent from Britain tomorrow with several liabilities and little sense of national identity. Separatism is strong in the western islands, where the people think their natural resources are being exploited for the benefit of poorer, more heavily populated areas.//

25X1 [] //The population of 210,000 already exerts pressure on cultivable land, and the islands' present birth rate could result in a doubling of population in 20 years. Limited land and employment opportunities have created tensions among the youth.//

25X1 [] There is no political party system. The government is based on unsteady personal alliances that compound the difficulties of tackling social and economic problems.

25X1 [] The new country does have prospects for economic development. In recent years it has diversified its exports; once limited to copra, these now include fish and timber. A palm oil industry has been introduced, and one island has promising bauxite deposits. //The UK, Australia, and Japan have committed themselves to multi-year economic grants, and New Zealand and international institutions are expected to offer additional financing.//

25X1 [] The 35-year-old Peter Kenilorea, who has served as Chief Minister for the last two years of the transition period, is likely to be confirmed as Prime Minister. He is competent and has a low-keyed political style that seems well-suited to the task of getting his sometimes squabbling government colleagues to work together.

25X1 [] In foreign affairs, the Solomons will concentrate on relations with their South Pacific neighbors and will join the South Pacific Forum, a regional grouping of small South Pacific island states. The capital, Honiara, will be the seat of the South Pacific Regional Fisheries Agency, a regulatory and coordinating body that the South Pacific nations plan to establish as they enact overlapping 200-mile economic zones.

25X1 [] //The Solomons will become a member of the Commonwealth and may join the UN. For now, the government plans only one diplomatic post, in London. It may later decide on a second mission, in Canberra.//

25X1 [] //The islanders expect Australia to replace the UK as their financial benefactor.// Middle-aged and older islanders hold the US in esteem for its military campaigns in the islands during World War II, but most island leaders recognize that the US will give only limited attention to their country.// []

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BRIEFS

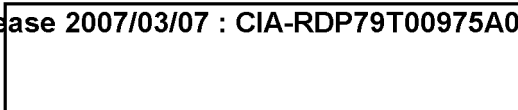
Zaire

25X1 [] President Mobutu apparently has decided not to break diplomatic relations with Belgium. He had threatened to sever ties over what he sees as Belgium's refusal to rein in anti-Mobutu exiles. Mobutu may still take some lesser action against Brussels in an attempt to maintain his credibility.

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25X1 [] Belgian officials think Mobutu may be particularly incensed over dissident activities in Brussels by Zaire's former Ambassador to Iran, who resigned recently. The officials also believe their government may have raised false hopes in Kinshasa that the dissidents would be restricted. During a meeting between the Belgian Ambassador and the Zairian Foreign Minister on Tuesday, the Zairian official expressed his government's concern over oppositionist activities.

25X1 [] Mobutu probably received considerable advice--Zairian and non-Zairian--against breaking relations. The US Embassy in Kinshasa believes that Moroccan King Hassan was particularly instrumental in dissuading Mobutu from following through on his threat. []

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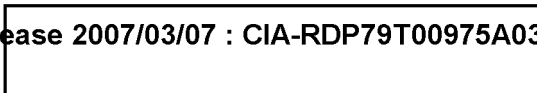


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Pakistan

[REDACTED] The head of Pakistan's military regime, General Zia-ul-Haq, appointed a new cabinet yesterday. Twelve of the 22 ministers were members of Zia's council of advisers, and Zia himself retained several key portfolios including defense and foreign affairs. No prime minister was designated.

[REDACTED] Zia, who came to power a year ago when the armed forces overthrew then-Prime Minister Bhutto, had been hoping to form a "national" government based on political parties, but by early last month it was apparent that few politicians were willing to participate on his terms. While seven politicians have accepted positions in the new cabinet, only two are of national prominence. [REDACTED]



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